

FISCAL NOTE

Bill #: HB0274

Title: Increase compulsory attendance to age 18

Primary Sponsor: Juneau, C

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
General Fund	\$0	\$1,171,125
Net Impact on General Fund Balance:	\$0	(\$1,171,125)

- | | |
|---|--|
| <input checked="" type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. Under current law, a parent must enroll a child in school until the child's 16th birthday or the completion of 12th grade, whichever occurs sooner. HB 274 raises the age requirement for mandatory school enrollment from 16 years of age to 18.
2. Each year, approximately 2,300 students dropout of school. Of these, approximately 1,125 students are 16 years old or older.
3. For the purposes of this fiscal note, it is assumed that school districts do not attempt to find students that have dropped out in prior years and focus their efforts on maintaining students currently enrolled.
4. HB 274 is projected to reduce the dropout rate, among students who are between 16-18 years old, by one-third. This means that approximately 375 students will remain in school that would otherwise have left school.
5. On average, state monies fund 61% of the high school per-ANB entitlement, or \$3,123 (61% of \$5,205). If 375 high school students remain in school as a result of this bill, the state will spend an additional \$1,171,125 for K-12 BASE aid beginning in FY2005.
6. As school district general fund budgets increase, increased staff will lead to higher district retirement costs. District retirement costs are charged to the county retirement levies and state retirement GTB costs. Because the increases contained in this bill are small relative to school budgets the increases in retirement costs are assumed to be insignificant.

Fiscal Note Request HB0274, As Introduced
(continued)

FISCAL IMPACT:

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
<u>Expenditures:</u>		
Local Assistance	\$0	\$1,171,125
<u>Funding of Expenditures:</u>		
General Fund (01)	\$0	\$1,171,125
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$0	(\$1,171,125)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

With additional students being educated each year, districts will have higher BASE and maximum budgets. The BASE budgets of districts will increase by 80% of the per ANB entitlement or approximately \$4,164 per student. The district taxpayer cost for the additional BASE budget (the required budget level) for this would average \$1,041 per student that returns to school. Districts may choose to spend more in the above BASE area of the budget. If the higher level of spending is a tax increase, the voters of the district must approve the increase.